

MEETING SUMMARY
PROPERTY TAX ADMINISTRATION TASK FORCE

November 20, 2002 - 10:00 AM TO 3:00 P.M.
(LOCATION: Tallahassee Regional Airport)

FULL MEMBER SESSION – 10:00 AM to 3:00 PM

MEMBERS PRESENT: Jim Zingale, Chairman, Rod Adams, Robert Banting, George Burnham, Robert Cohen, William Coleman, Morgan Gilreath, Richard Masching, John Green, Sharon Outland, Bob Rackleff, John Seay, Ken Small, Bill Suber and Rex Ware.

MEMBERS ABSENT: Keith Baker, William Bussey, Bill Graham, Ali Korman, Terry Lewis and Matt Ryan.

Chairman Jim Zingale called the meeting to order at 10:00 AM and welcomed the members to the 12th meeting of the Property Tax Administration Task Force. He introduced three new members of the Task Force. They are: John Green, representing the Florida Forestry Association and the Florida Farm Bureaus, Rex Ware, representing the Florida Bar Association, and Bob Cohen, general council to the Federation of Manufactured Homeowners in Florida. The chair then provided an overview to new members and audience on how the meeting will be structured and the goals and purpose of the Task Force.

Jim Zingale led a discussion among the members of the impact of recent changes to Florida's constitution on the Florida economy, the potential problems created by changes in projected state and local tax collections, population growth in Florida, and what the Department can do with current resources and current tax structure to meet the revenue projections. It was pointed out that property tax has been a steady taxing base and is the cornerstone of cities', counties' and public schools' primary single source of funding.

Kathy Henley, Government/Citizen Liaison for PTA, presented the members with copies of the concepts that the Department will ask to be included in its 2003 administrative bill package. She explained that many of the issues in the package were a result of two years of deliberation and discussion by the task force. Several members had concerns about the concept related to continuing education for property appraisers.

Steve Keller, Department attorney, presented an overview of the Department's efforts to implement 2002 legislation and provided members with a full page handout titled, "Implementation of 2002 Legislation—Department of Revenue" outlining the remainder of the steps to be taken yet this year before new rules are in place on January 1, 2003. After his presentation on legislative implementation, he discussed recent litigation issues as outlined in a handout titled, "Recent Court Decisions and Litigation Issues, November 20, 2002. Cases discussed included *Mazourek v. Wal-Mart Stores*, *Turner v. Lusk*, *Turner v. Concorde Properties*, and *Shugarmill Woods, Inc. v. Schultz*. The last two issues discussed by Mr. Keller and the members were related to Mr. Keller's handouts titled, "Reduction in Assessment for Living Quarters of Parents and Grandparents, Section 193.703, F.S." and "Florida REal Property Appraisal Guidelines."

Next, Jim Zingale and David Beggs, recently-appointed Program Director for Property Tax Administration, presented the current status of steps outlined in the PTA Action Plan (in response to the Auditor General's findings). Mr. Beggs' presentation is outlined in his handout titled, "Strategic Initiative 8: Re-engineer Real Property Process—Strategy Team Status Report," and cross-walked the members through the graphics and matrix which were part of his handout.

Jim Zingale explained that the re-engineering of the real property roll approval process is still considered a work-in-progress and other changes may be forthcoming. He also pointed out that there seems to be a very, very, wide gap between what the Department of Revenue believes is its duties and responsibilities and what other parties believe are the duties and responsibilities. He further explained that the Department is often in debate between what we think the statute expects of the Department in its oversight and aid-and-assistance role and others who feel it is something totally different. This part of the program ended with a brief discussion among the members and staff about the significance of best practices identification, a proposed part of the re-engineering process for real property.

FACILITATED DISCUSSION

After the individual presentations were completed, the task force continued its discussion about the issues which had previously been identified and ranked by order of importance. An outline of the discussions for the remainder of the day is attached to this summary. Please see the attached document titled, "Flip Charts--Property Tax Administration Task Force--November 20, 2002." The discussion lasted for almost three hours.

The final business of the day was spent discussing a date, time and place for the next meeting. Members agreed that the specific date and time would be determined through an email solicitation by staff to the members in December. However, there was general consensus that the next meeting should be scheduled for mid- to late-February, 2003.

The meeting adjourned at approximately 3:00 PM.

Kathy Henley, Property Tax Administration

Flip Charts
Property Tax Administration Task Force
November 20, 2002

Issues Close to Final Action:

Issue 4: Sales Tax on Tangible Personal Property

Answered by Supreme Court - Take off list

Issues Under Development and Discussion:

Issue 7: 1st and 8th

- Is 15% reasonable?
- Conflicts between 1st. and 8th
- Lack of uniformity
- Research design – resources, time, methodology
- Current practice, research actual costs

Staff Assignment – Propose research design – R & A and PTA

Issue 6: Airport/Seaport

- Conflict between courts, constitution and law
- Role of DOR when non-uniform treatment of issue – different constitution interpretation
- Return for discussion
- Research project
- Potential new issue on duties and responsibilities, paper and gaps are things that should not be included

Issue 9: Mobile Home Taxes

- Compliance issues
- Best way to administer
- Data issue with DOR and Highway Safety – Use data to help enforce?

Staff Assignment – DOR form group with Task Force members – to approach Highway Safety and set up meeting

- Research current law on options for tag and tax. Circulate to Team (Cohen, Burnham, Outland, Rackleff, and Small)
- DOR sample action when tag on mobile home that should be real property

Issue 12: TRIM Calendar

- Draft bill per proposal, sponsor – Circulate to interest groups and Task Force members. Ask for proposed Amendments, including RFC
- Multi-county taxing authority, issue can they comply with different counties – Include WMD; in distribution

Issue 16: Valuation of percentage complete on January 1

- Pickup NC January 1
- Property Appraisers already look at property for substantial completion
- Property Appraisers workload raised as an issue
- Defense of value may be a problem
- Research – Identify current statute – sponsor proposed change
- Survey property appraisers on identified change – are they doing costs
- Check other states
- Fiscal impact – DOR How does this affect TPP? Sponsored proposed change
- Share back next time suggested approval

Issue 17: Non-Ad-valorem Access – TRIM

- Gilreath
- Full disclosure of all taxes on property – Sponsor
- These assessments end up on tax bill. Issue limited to those on tax bill
- Significant \$ Collections in non-advalorem
- Members bring statement that includes non-advalorem, Mr. Banting
- DOR role in non-advalorem assessments
- Survey of counties on current practices – Sample forms – w/associations
- Retain until learn what House is doing
- Get with Morgan to get more detailed description of issue

Issue 3: TRIM Procedures

- Get update on House interim project
- Leave where it is

Issue 15: Disclosure Issue

- DR-219 (government form) - Involve?
- Closing documents (private)
- Mtg/Finance Companies? (Ally)
- Require filing of closing statement with 219 (idea)? Assignment?

DOR will coordinate effort –e.g. do research

Issue 18: Mechanism to notify TP's identify or know when they will be annexed Cities – Notify power companies (large taxpayers) as soon as annex

- What happens?
- Proposed solution – Annexations and incorporations only on January 1?
- Or prior to TRIM statement?
- Just some date certain

Why an issue? – planning for utilities an allocation issue esp new incorporations

- No organized mechanism to notify large utility

Issue

NOTE: Make it two issues

- Notification
 - Timing of annexation/incorporation (out of date)
- Ken Small and Rod Adams – head guys

Issue 19: VAB Rules – Statewide Uniformity

Recommendation – 1 uniform statewide set of rules

Time Frame

Projects – Survey counties for different sets of rules

Problem for multi-juris TP's

Issue 20: Coleman Issue

Problem:

- See Deltona v. Bailey: ["Deltona failed to plead that it is being "singled out" and specifically discriminated against vis-a-vis the other taxpayers generally in Volusia County, it has no standing to challenge its assessment on equal protection grounds, for that is the essential ingredient in [Dade County v. Salter, 194 So.2d 587 (Fla.1967), and Southern Bell Tel. & Tel. Co. v. County of Dade, 275 So.2d 4 (Fla.1973)]."]
- Commercial properties
- Thwarts due diligence tax estimate

Suggestion

Assessment on equity basis (see Texas model)

DOR report back: Texas law, Texas model

Issue 21: TRIM Time Table